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## Incentives Program Gets a Tune-Up

**The Texas Emissions Reduction Plan underwent some revisions, such as eligibility requirements, during the legislative session.**

In addition to resurrecting full funding for the Texas Emissions Reduction Plan (TERP), the Legislature made significant changes to the program and eligibility requirements.

As intended when authorized two years ago, the TERP will offer grants to bring about large-scale reductions of nitrogen oxide (NOx) emissions through voluntary incentive programs. Much of the funding will concentrate on phasing out older, inefficient diesel-powered equipment and vehicles.

The state must achieve certain measurable improvements in ozone levels by deadlines set out by the Environmental Protection Agency to avoid federal sanctions--restrictions on new industrial facilities or loss of federal highway monies.

The TCEQ is proceeding to expand the TERP. This coming fiscal year, about \$100 million will be available for grants specifically geared to 41 counties in areas classified as nonattainment and near-nonattainment for ozone.

Of the changes in House Bill 1365, many were based on recommendations of the 15-member TERP advisory board, which found ways to make the program more effective. The main revisions were as follows:

### Administering grants

The TCEQ gains more flexibility in determining who receives grants and how they are administered. This provision allows the agency to work in partnership with regional entities--private and/or public--to fund preapproved emission-reducing technologies.

### Sharing credits

The agency may share with another entity the emission reductions generated by TERP-funded projects, based on the portion of costs funded by the TERP and by the other entity. This arrangement allows the TCEQ to work jointly with other funding programs.

### Eligible vehicles

Purchases of new heavy-duty vehicles are now eligible for the grant program.

### Replacements

The TCEQ may provide grant incentives for the replacement of older heavy-duty vehicles and non-road equipment with newer (but not factory-new) vehicles and equipment. The agency establishes the incentive amount.

### Deletions

The 3 percent funding cap on infrastructure projects is removed, as are the percentage-reduction requirements under the definition of a repower project.

### Eligible counties

The list of counties eligible to apply for TERP grants grows from 38 to 41--all in nonattainment or near-nonattainment areas. The TCEQ gets to amend this list of affected counties, as needed.

In other features, the TERP for the first time will have an outreach program to help small businesses gain better access to grants. Also, the TCEQ and other state and local agencies may give preference to vendors that meet or exceed air quality standards when making purchasing decisions for goods and services.

The Legislature also removed the commissioners' authority at the Texas Department of Transportation to adopt speed limits on any part of the state highway system for environmental reasons. Existing speed limits, however, will stay in place in Houston and Dallas-Fort Worth.

Lawmakers did not allocate specific funding for TERP programs that do not count as emission reductions in the State Implementation Plan. That included an incentive program for Texans to buy or lease cleaner-burning cars and light-

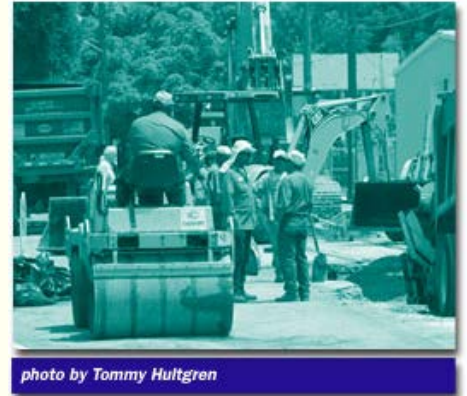


photo by Tommy Hultgren

duty trucks, and funding for energy-efficiency grants. Either of these programs could receive monies later in the biennium if other components of the TERP have unused funds that can be transferred.

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